

## CHAPTER 22—RAILROAD RETIREMENT TAX ACT

Subchapter	Sec. <sup>1</sup>
A. Tax on employees .....	3201
B. Tax on employee representatives .....	3211
C. Tax on employers .....	3221
D. General provisions .....	3231

### CHAPTER REFERRED TO IN OTHER SECTIONS

This chapter is referred to in sections 3121, 3301, 3306, 3503, 5041, 6103, 6302 of this title; title 31 section 9502; title 42 section 1307; title 45 sections 358, 1207; title 49 section 10501.

### Subchapter A—Tax on Employees

Sec.	
3201.	Rate of tax.
3202.	Deduction of tax from compensation.

## § 3201. Rate of tax

### (a) Tier 1 tax

In addition to other taxes, there is hereby imposed on the income of each employee a tax equal to the applicable percentage of the compensation received during any calendar year by such employee for services rendered by such employee. For purposes of the preceding sentence, the term “applicable percentage” means the percentage equal to the sum of the rates of tax in effect under subsections (a) and (b) of section 3101 for the calendar year.

### (b) Tier 2 tax

In addition to other taxes, there is hereby imposed on the income of each employee a tax equal to 4.90 percent of the compensation received during any calendar year by such employee for services rendered by such employee.

### (c) Cross reference

**For application of different contribution bases with respect to the taxes imposed by subsections (a) and (b), see section 3231(e)(2).**

(Aug. 16, 1954, ch. 736, 68A Stat. 431; Aug. 31, 1954, ch. 1164, pt. II, § 206(a), 68 Stat. 1040; May 19, 1959, Pub. L. 86-28, pt. II, § 201(a), 73 Stat. 28; Oct. 5, 1963, Pub. L. 88-133, title II, § 201, 77 Stat. 221; July 30, 1965, Pub. L. 89-97, title I, §§ 105(b)(1), 111(c)(1), 79 Stat. 335, 342; Sept. 29, 1965, Pub. L. 89-212, §§ 4, 5(a), 79 Stat. 861; Oct. 30, 1966, Pub. L. 89-699, title III, § 301(a), 80 Stat. 1078; Oct. 30, 1966, Pub. L. 89-700, title III, § 301(v), (vi), 80 Stat. 1088, 1089; July 10, 1973, Pub. L. 93-69, title I, § 102(a), 87 Stat. 162; Aug. 9, 1975, Pub. L. 94-93, title II, § 201, 89 Stat. 466; Oct. 4, 1976, Pub. L. 94-455, title XIX, § 1903(a)(6), 90 Stat. 1807; Aug. 13, 1981, Pub. L. 97-34, title VII, § 741(a), 95 Stat. 347; Aug. 12, 1983, Pub. L. 98-76, title II, §§ 211(a), 221, 97 Stat. 419, 420; Dec. 22, 1987, Pub. L. 100-203, title IX, § 9031(a), 101 Stat. 1330-296; Nov. 5, 1990, Pub. L. 101-508, title V, § 5125(a), 104 Stat. 1388-285.)

### AMENDMENTS

1990—Subsec. (a). Pub. L. 101-508 substituted “applicable” for “following” before “percentage of the” and provision defining the term “applicable percentage” for provision specifying that in the case of compensation received during 1985 the rate of tax was 7.05 percent, for

1986 or 1987 the rate was 7.15 percent, for 1988 or 1989 the rate was 7.51 percent, and 1990 or thereafter the rate was 7.65 percent.

1987—Subsec. (b). Pub. L. 100-203 amended subsec. (b) generally. Prior to amendment, subsec. (b) read as follows: “In addition to other taxes, there is hereby imposed on the income of each employee a tax equal to the following percentage of the compensation received during any calendar year by such employee for services rendered by such employee:

<b>“In the case of compensation received during:</b>		<b>The rate shall be:</b>
1985 .....		3.50
1986 or thereafter .....		4.25.”

1983—Pub. L. 98-76, § 221, amended section generally, substituting a two tiered tax system with accompanying tax rate tables and a cross reference to section 3231 of this title, for provisions which had taxed an employee at 2.75 percent of so much of the compensation paid in any calendar month to such employee for services rendered by him as was not in excess of an amount equal to one-twelfth of the current maximum annual taxable “wages” as defined in section 3121 for any month and which had provided that the rate of tax imposed by subsection (a) be increased by the rate of the tax imposed with respect to wages by section 3101(a) plus the rate imposed by section 3101(b) of so much of the compensation paid in any calendar month to such employee for services rendered by him as was not in excess of an amount equal to one-twelfth of the current maximum annual taxable “wages” as defined in section 3121 for any month.

Pub. L. 98-76, § 211(a), substituted “2.75 percent” for “2.0 percent”.

1981—Subsec. (a). Pub. L. 97-34 added subsec. (a).

Subsec. (b). Pub. L. 97-34 designated existing provisions as subsec. (b) and substituted “The rate of tax imposed by subsection (a) shall be increased by” for “In addition to other taxes, there is hereby imposed on the income of every employee a tax rate equal to”.

1976—Pub. L. 94-455 struck out “of the Internal Revenue Code of 1954” after “wages by section 3101(a)”, “of such Code” after “rate imposed by section 3101(b)”, “after September 30, 1973,” after “for services rendered by him”, “of the Internal Revenue Code of 1954” after “as defined in section 3121”, and “after September 30, 1973” after “for any month”.

1975—Pub. L. 94-93 inserted “in any calendar month” after “compensation paid”.

1973—Pub. L. 93-69 substituted new tax rate provisions on income of employee for services rendered after Sept. 30, 1973, for former provisions which prescribed 6¼, 6½, 7, 7¼, and 7½ percent on income for services rendered after Sept. 30, 1965, Dec. 31, 1965, Dec. 31, 1966, Dec. 31, 1967, and Dec. 31, 1968, respectively, as is not in excess of (i) \$450, or (ii) an amount equal to one-twelfth of the current maximum annual taxable “wages” as defined in section 3121 of the Internal Revenue Code of 1954, whichever is greater, for any month after September 30, 1965: *Provided*, That the rate of tax imposed by this section shall be increased, with respect to compensation paid for services rendered after September 30, 1965, by a number of percentage points (including fractional points) equal at any given time to the number of percentage points (including fractional points) by which the rate of the tax imposed with respect to wages by section 3101(a) plus the rate imposed by section 3101(b) at such time exceeds 2¾ percent (the rate provided by paragraph (2) of section 3101 as amended by the Social Security Amendments of 1956).

1966—Pub. L. 89-700 substituted “rendered after September 30, 1965” for “rendered after December 31, 1964”, and “(i) \$450, or (ii) an amount equal to one-twelfth of the current maximum annual taxable ‘wages’ as defined in section 3121 of the Internal Revenue Code of 1954, whichever is greater, for any month after September 30, 1965” for “\$400 for any calendar month before the calendar month next following the month in which this

<sup>1</sup> Section numbers editorially supplied.